The Real Estate ANALYST

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Number 47

Real Estate Economists, Appraisers and Counselors

REAL ESTATE AND MORTGAGE ACTIVITY BY CITIES

THE actual number of voluntary real estate transfers and real estate mortgages recorded this year has increased throughout the country, but still lags behind last year's levels. Easy money had its effect on the housing field early this year, giving a broad boost to mortgage and real estate activity. The recovery from the low set earlier has exceeded expectations but as yet is no reason for unlimited optimism.

Putting the screws on credit in the past two months has reduced the availability of mortgage money and will reduce it more as time goes on. Increasing mortgage interest rates, as a result, are cutting sharply into the market for Government-guaranteed mortgages. By law, lenders cannot charge more than 4-3/4% on VA-guaranteed loans and the present 5-1/4% on FHA-insured loans set by the Commissioner cannot exceed 6%. Because these rates are not free to adjust to changing market prices, many private lenders now find Government-backed mortgages less attractive investments and are asking for discounts up to 6% of the loan.

Fixed interest rates, set by the Government, restrict the availability of mortgage money. Lenders' capital is flowing in channels away from the mortgage market seeking more lucrative returns. And as this flow continues, private money for mortgages will become more expensive and harder to get.

On October 24 the Federal Reserve hiked its discount rate from 2% to 2½% in five more districts, attempting to keep the rate more in line with 91-day Treasury bills and other short-term interest charges. Whether the tight money market will greatly reduce real estate activity cannot be stated categorically at this time, as Federal action is one of the unpredictable variables affecting any forecast of real estate activity. Shrinking mortgage funds are showing up in several large cities.

If the money market continues to tighten and mortgage interest rates go higher, home builders are unlikely to absorb the cost of bigger discounts and home buyers to increase their downpayments and pay higher interest rates for conventional loans. With an oversupply of housing already developing, housing starts are not likely to continue at their present level.

(cont. on page 480)

ESTIMATED RELATIONSHIP OF 1957 AND 1958 FIGURES ON REAL ESTATE TRANSFERS AND MORTGAGES BASED ON THE 1958 FIGURES TO DATE COMPARED WITH THE COMPARABLE PERIOD IN 1957

City	Transfers	Mortgages
Akron, Ohio	-7.1	-3.3
Allentown, Pa.	-26.4	*
Anderson, Ind.	*	-7.2
Atlanta, Ga.	+2.9	+14.3
Austin, Tex.	-2.0	+14.5
Baltimore, Md.	-12.5	-4.3
Beaumont, Tex.	*	*
Binghamton, N. Y.	-8.6	-5.0
Birmingham, Ala.	+2.4	+9.8
Boston, Mass.	-6.9	-1.0
Bridgeport, Conn.	-19.1	-12.7
Brockton, Mass.	-11.1	+2.2
Buffalo, N. Y.	-15.6	-11.4
Cambridge, Mass.	-2.0	+5.7
Chattanooga, Tenn.	-18.4	+4.8
Chicago, Ill.	-25.8	-2.5
Cincinnati, Ohio	+0.2	+8.4
Cleveland, Ohio	-20.2	-11.2
Columbus, Ohio	-3.3	+5.7
Corpus Christi, Tex.	*	*
Dallas, Tex.	+4.4	+7.1
Davenport, Iowa	+13.6	+18.3
Dayton, Ohio	-11.5	-5.7
Decatur, Ill.	*	*
Denver, Colo.	-4.8	-0.7
Des Moines, Iowa	+8.8	*
Detroit, Mich.	-9.1	+2.7
Duluth, Minn.	-7.0	*
Elizabeth, N. J.	-10.9	-6.2
El Paso, Tex.	*	+29.5
Evansville, Ind.	-11.8	-5.2
Fall River, Mass.	-6.1	-9.7
Flint, Mich.	-7.8	-0.2
Fort Wayne, Ind.	-12.6	-4.1
Fort Worth, Tex.	+27.2	*
Fresno, Calif.	*	-1.4
Galveston, Tex.	*	-3.1
Gary, Ind.	-16.7	-0.5
Grand Rapids, Mich.	-1.6	+10.9
Hartford, Conn.	-18.5	-2.7
Haverhill, Mass.	-25.6	+4.1
Holyoke, Mass.	-20.7	-14.7
Houston, Tex.	*	*
Indianapolis, Ind.	-1.1	+11.1
Jacksonville, Fla.	+7.9	+5.0
Jersey City, N. J.	-0.6	+12.2
Kalamazoo, Mich.	-5.5	+2.7
Kansas City, Kans.	+3.6	+9.1
Kansas City, Mo.	-1.1	+7.3
Lawrence, Mass.	-10.0	-7.6
Little Rock, Ark.	+1.3	-27.6
Los Angeles, Calif.	-24.0	-15.3
Louisville, Ky.	+9.4	+13.3
Lowell, Mass.	-22.6	-18.1
Memphis, Tenn.	+5.8	-0.3
Miami, Fla.	-23.0	-13.7
Milwaukee, Wis.	-10.0	-9.7
Minneapolis, Minn.	+3.1	+8.7
Nashville, Tenn.	+10.3	+11.7
Nassau Co., N. Y.	-7.6	+1.9
New Haven, Conn.	-20.0	-3.8
New York, N. Y.		
Manhattan Borough	-8.8	+5.6
Queens Borough	-3.9	-1.7
Newark, N. J.	-7.6	-0.2
Oakland, Calif.	-3.3	+0.6
Oklahoma City, Okla.	+10.0	+18.0
Philadelphia, Pa.	-7.0	-6.0
Phoenix, Ariz.	+6.3	+18.0
Pittsburgh, Pa.	-13.5	-9.0
Portland, Maine	*	*
Portland, Oreg.	-3.0	+3.5
Richmond, Va.	-16.7	*
Riverside, Calif.	*	-7.6
Rochester, N. Y.	-7.7	-3.5
St. Louis, Mo.	+4.3	+6.5
St. Paul, Minn.	*	*
St. Petersburg, Fla.	-20.7	*
Salt Lake City, Utah	+20.4	+6.5
San Antonio, Tex.	-22.4	*
San Bernardino, Calif.	*	-15.9
San Diego, Calif.	+0.8	+13.8
San Francisco, Calif.	-4.4	+3.5
San Jose, Calif.	-6.1	+3.7
Santa Ana, Calif.	*	-12.3
Savannah, Ga.	-7.5	+32.1
Seattle, Wash.	+6.2	+22.2
Somerville, Mass.	-20.4	-6.5
South Bend, Ind.	-5.9	-6.0
Springfield, Mass.	-15.7	-10.7
Springfield, Mo.	+10.8	+18.5
Springfield, Ohio	-9.0	+9.0
Stockton, Calif.	*	-1.0
Syracuse, N. Y.	-11.0	-0.3
Tacoma, Wash.	+6.2	*
Tampa, Fla.	*	+5.9
Terre Haute, Ind.	-9.4	+5.9
Toledo, Ohio	-8.1	-5.0
Topeka, Kans.	-8.5	+1.7
Trenton, N. J.	-7.7	-1.9
Tucson, Ariz.	-1.2	-2.7
Tulsa, Okla.	-2.9	-1.8
Waco, Tex.	+0.3	+3.2
Washington, D. C.	-5.0	+5.5
Waterbury, Conn.	-29.3	-13.9
West Palm Beach, Fla.	-6.4	*
Westchester Co., N. Y.	-10.6	-8.9
Worcester, Mass.	-11.1	-2.9
Youngstown, Ohio	-24.3	-7.3

*Not available.

NUMBER OF REAL ESTATE TRANSFERS AND REAL ESTATE MORTGAGES BY CITIES

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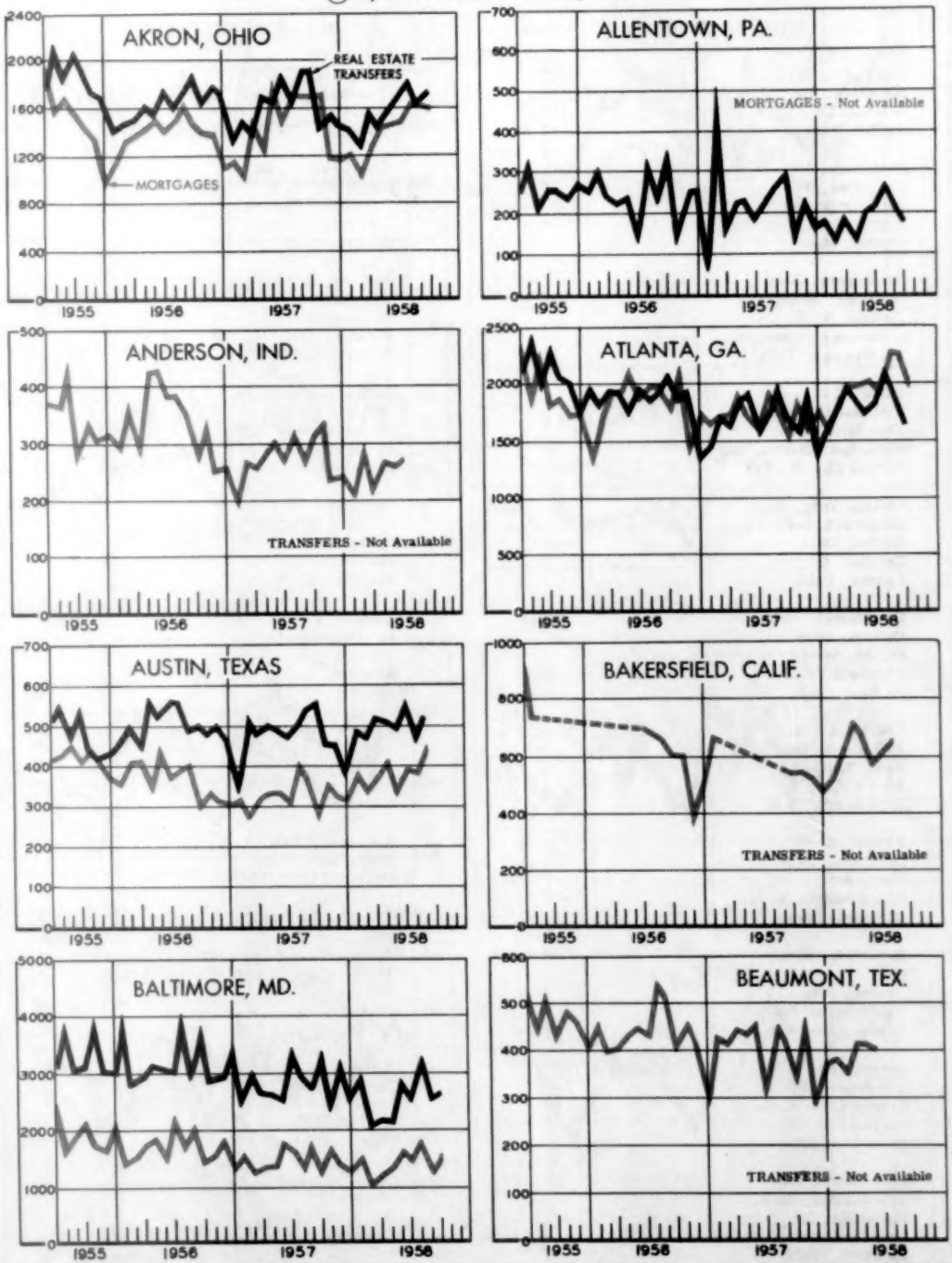

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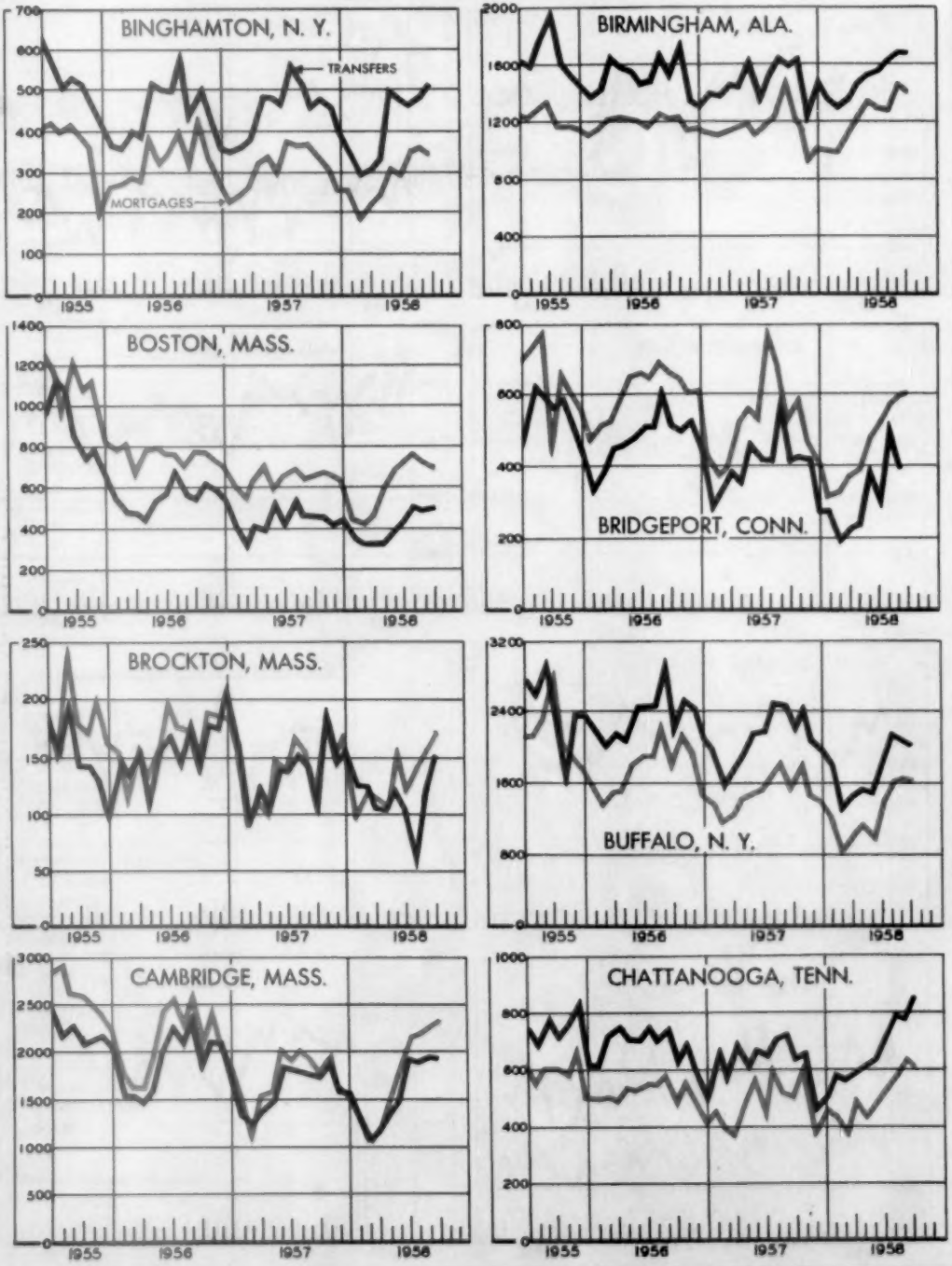

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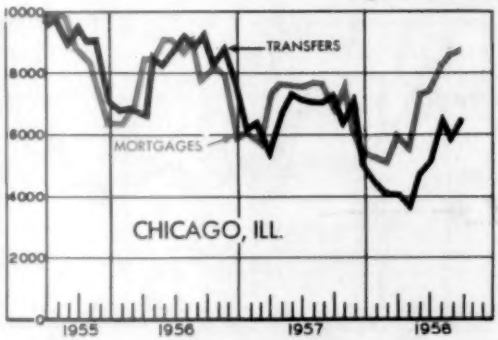

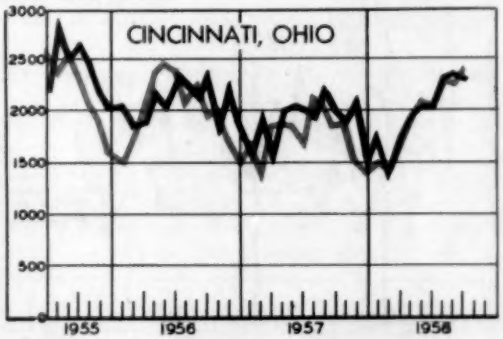

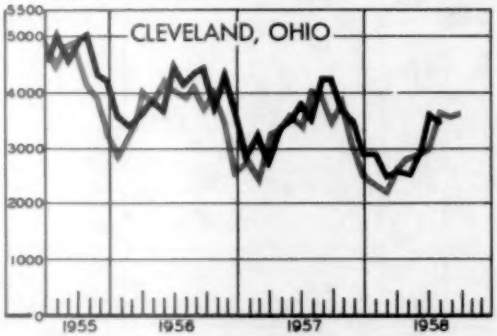

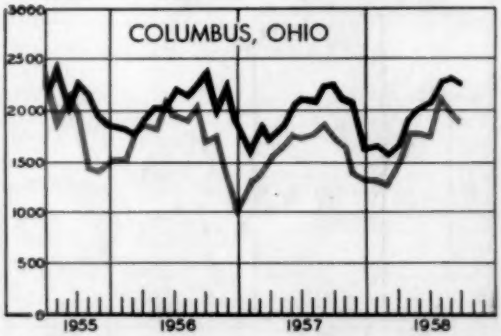

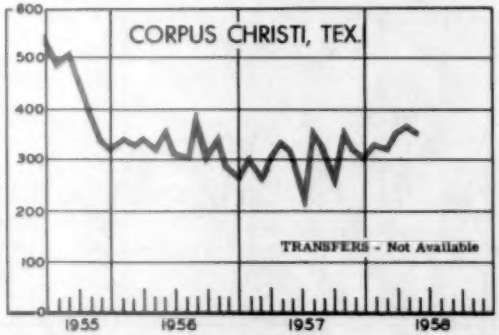

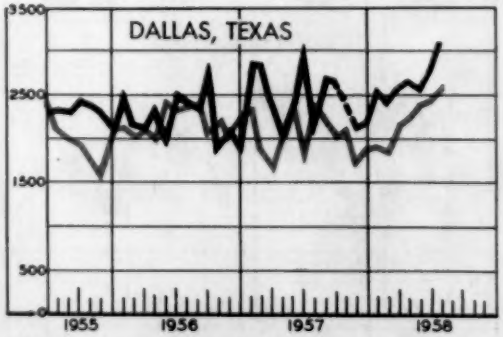

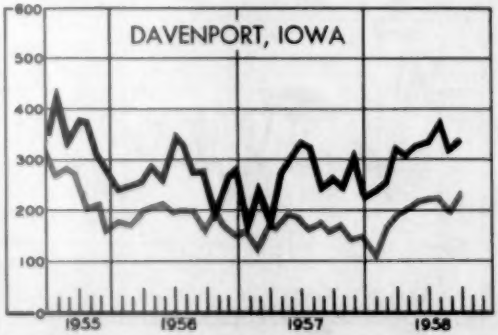

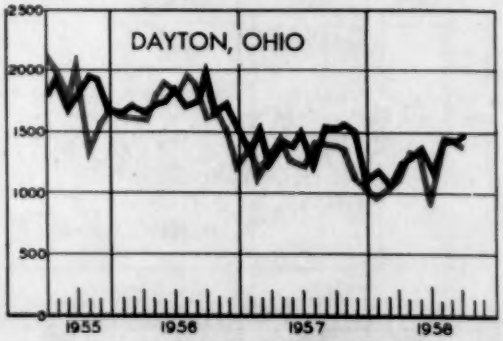

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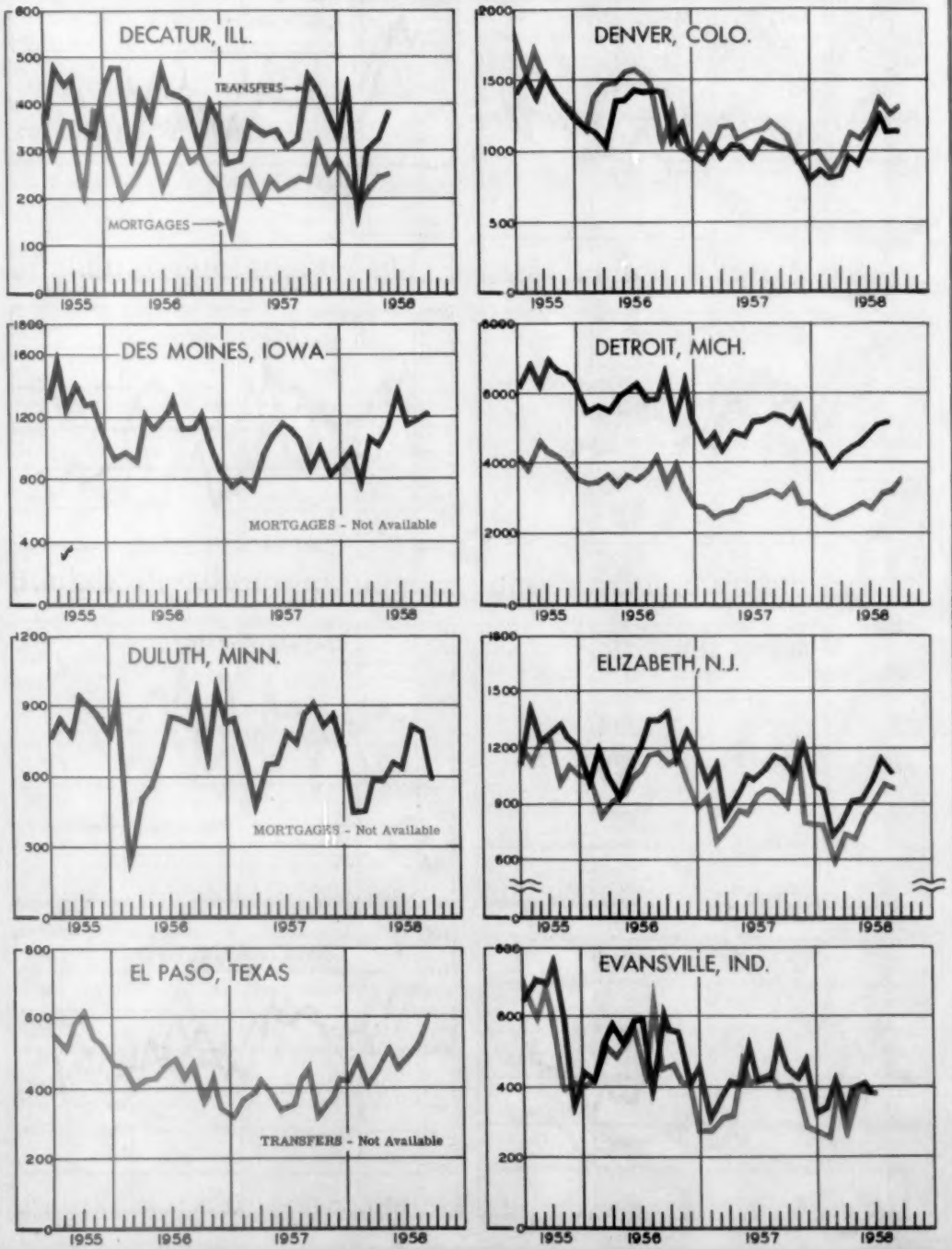

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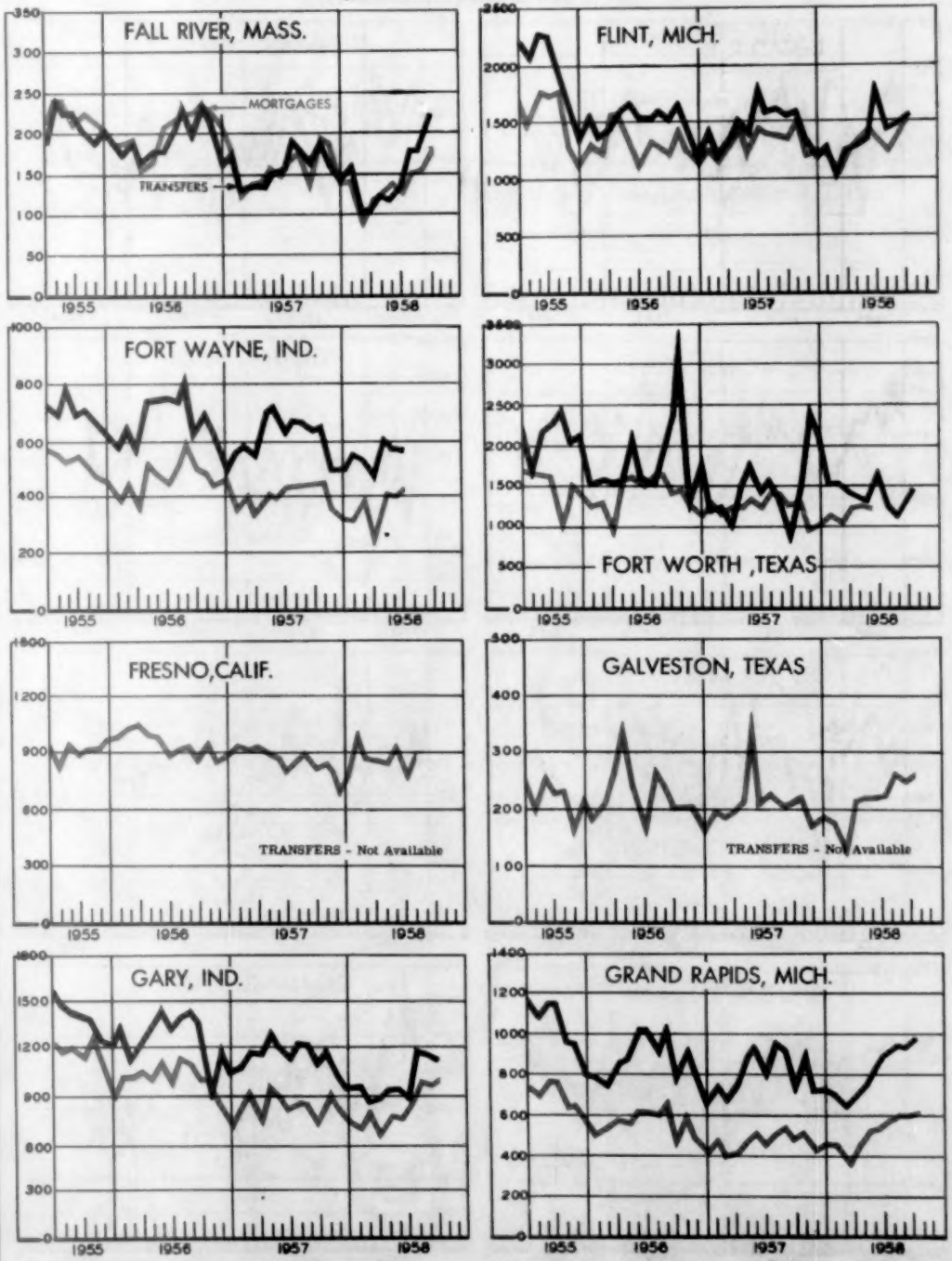

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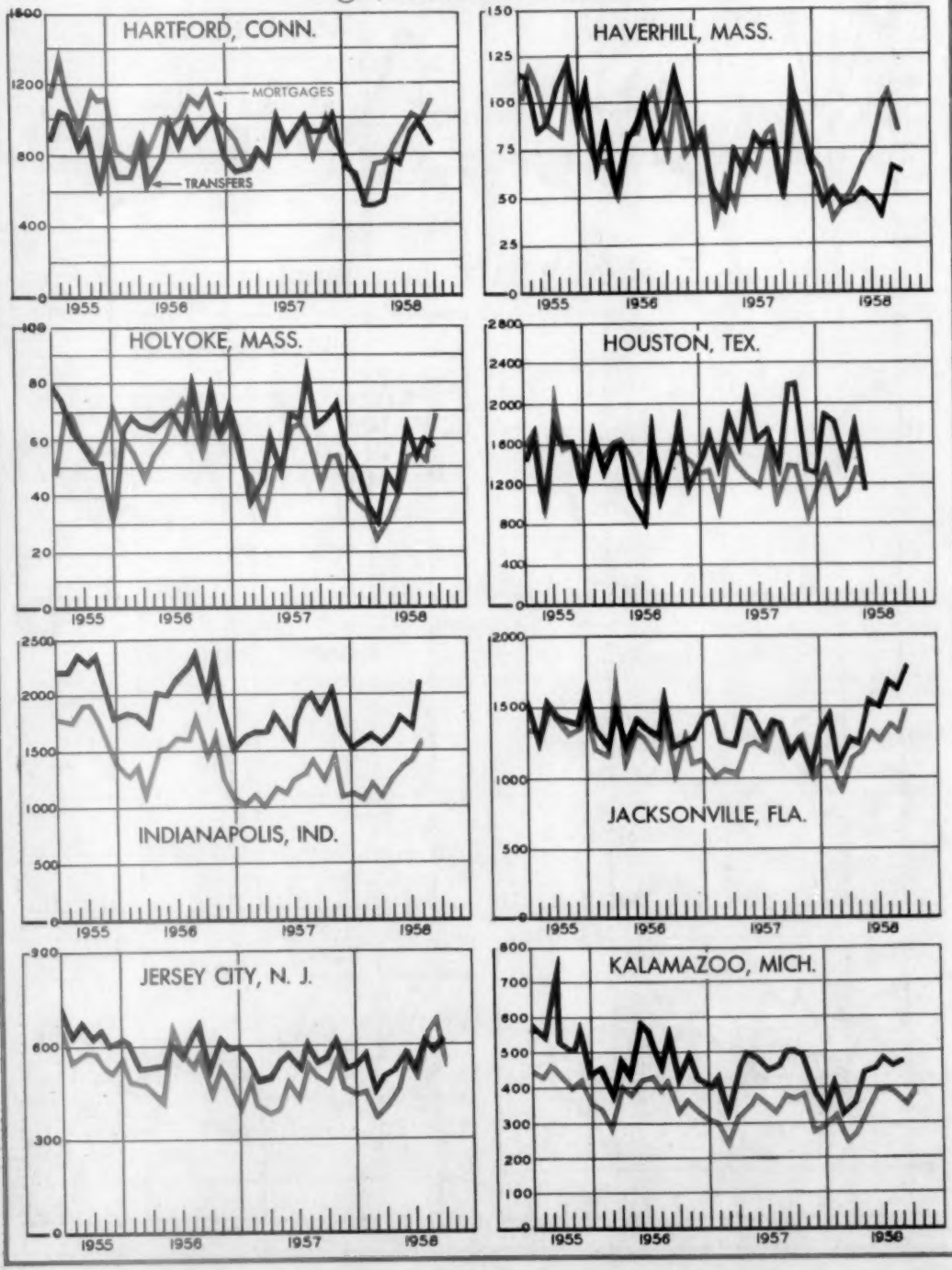

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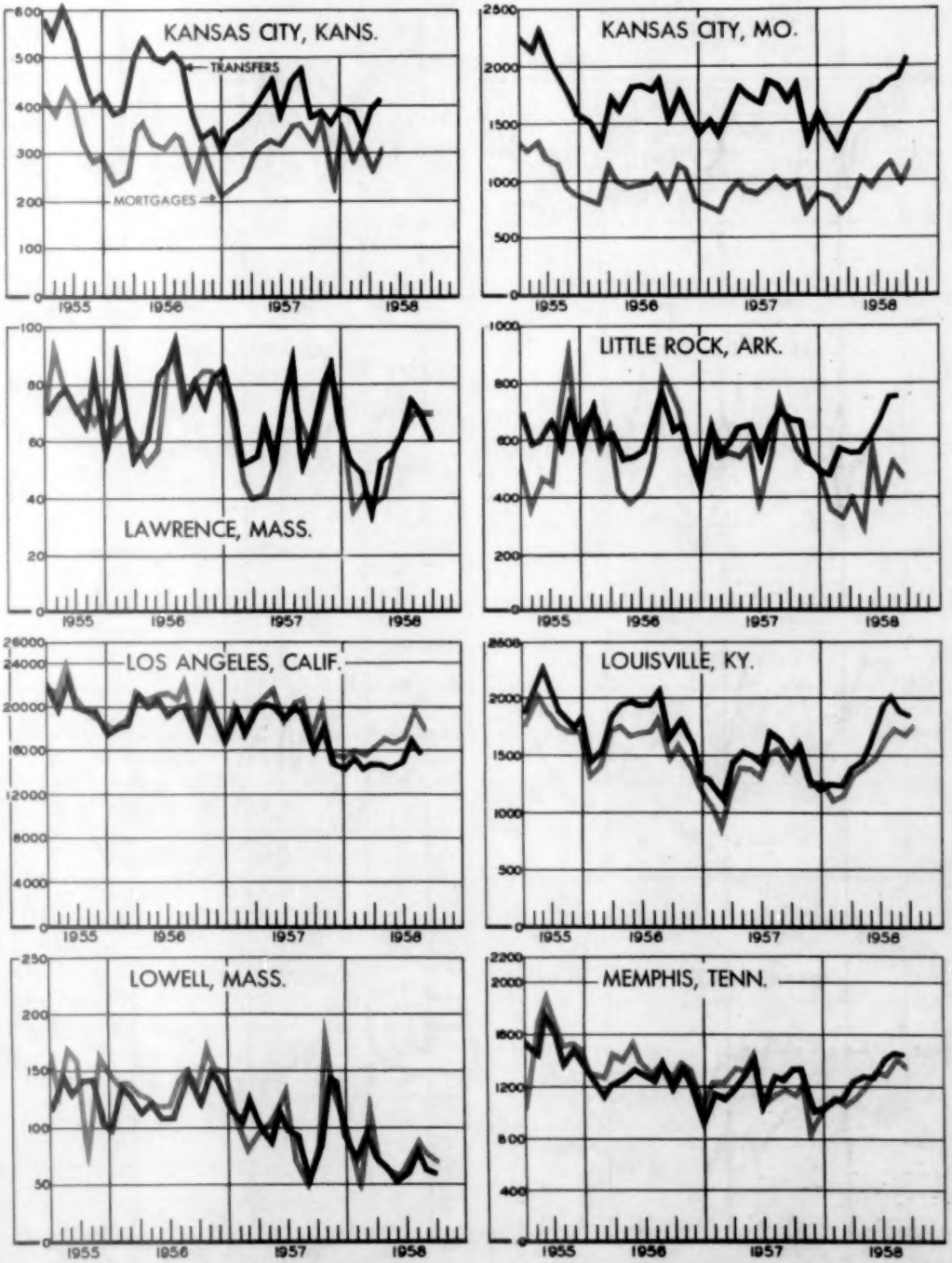

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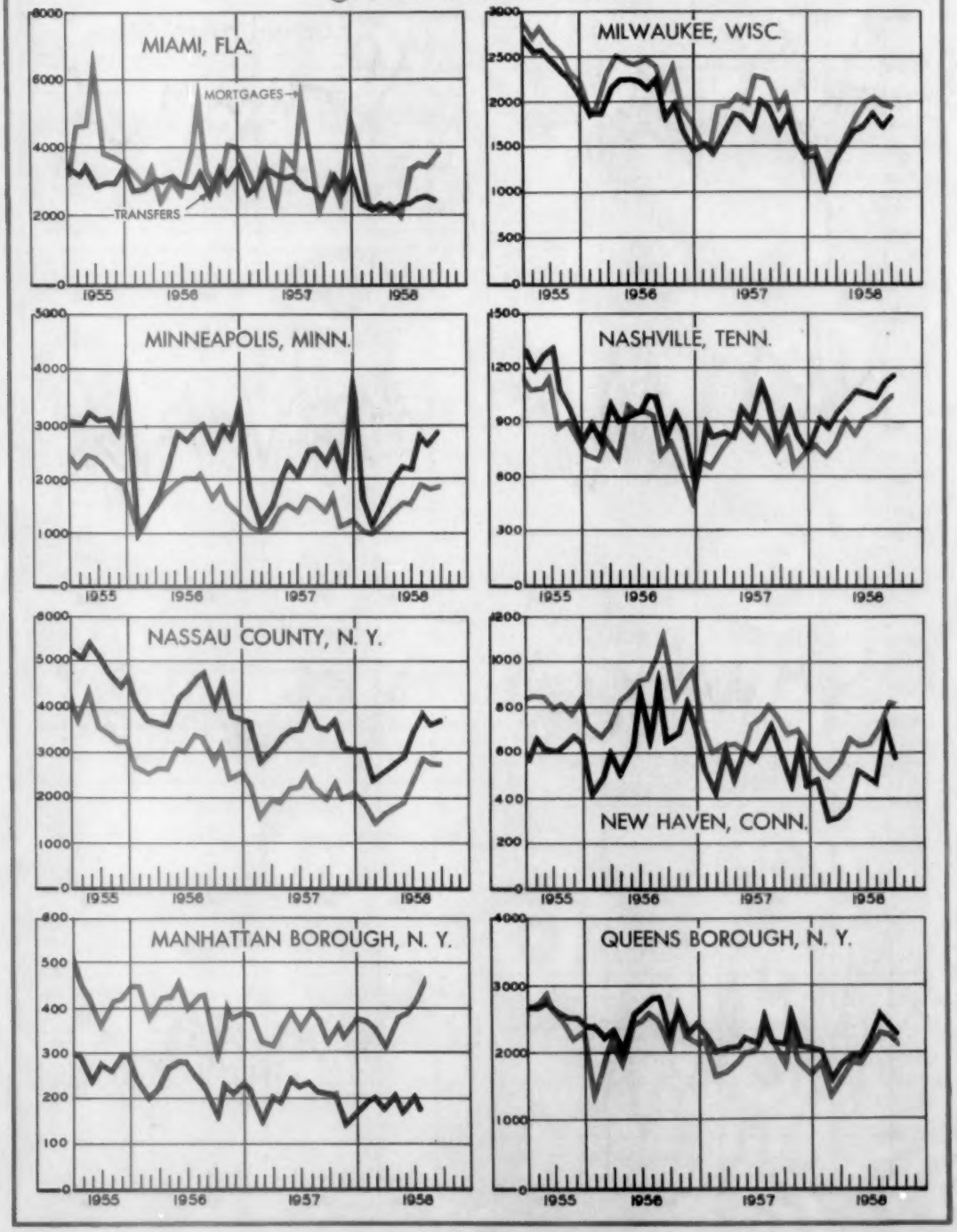

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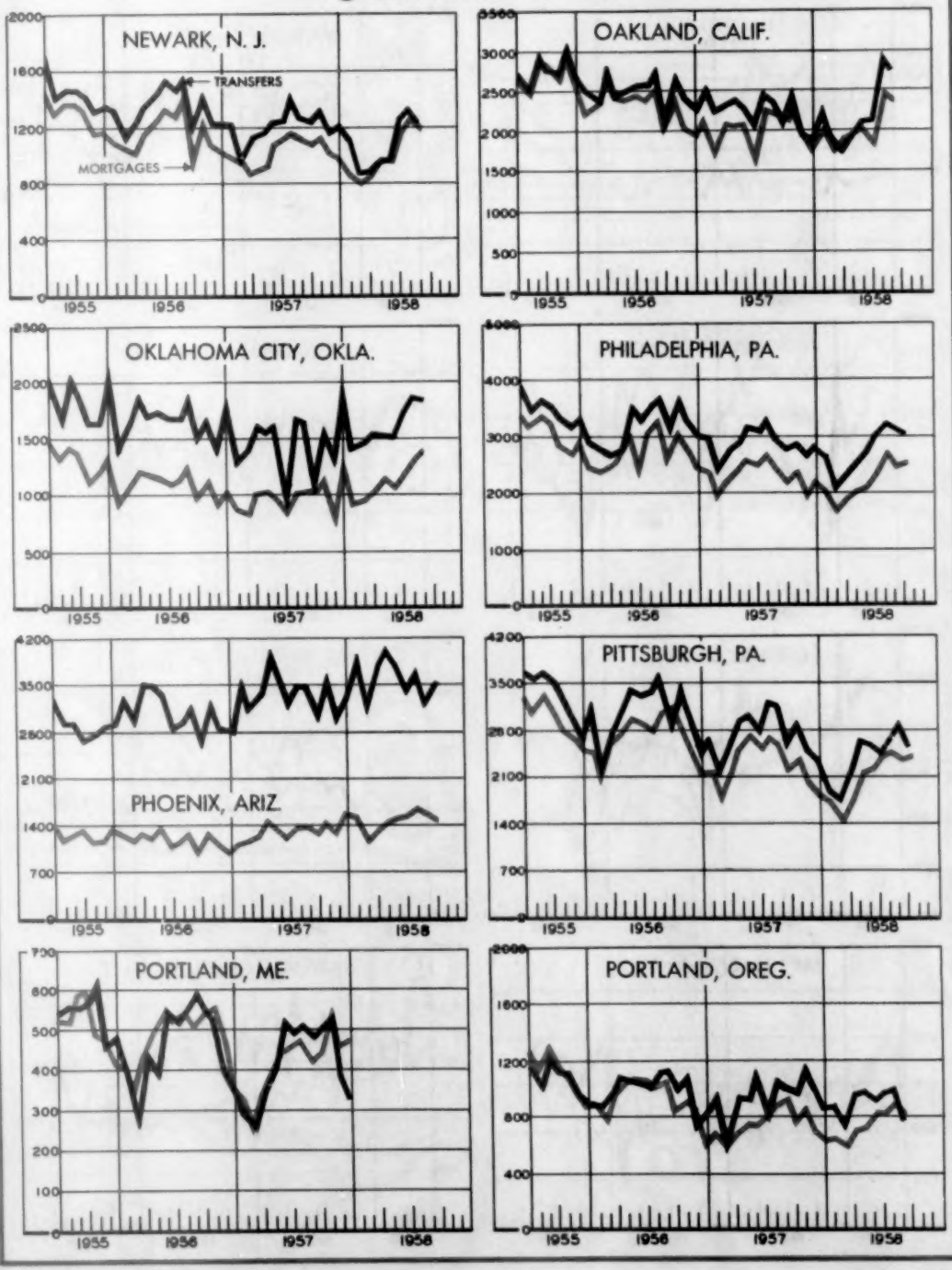

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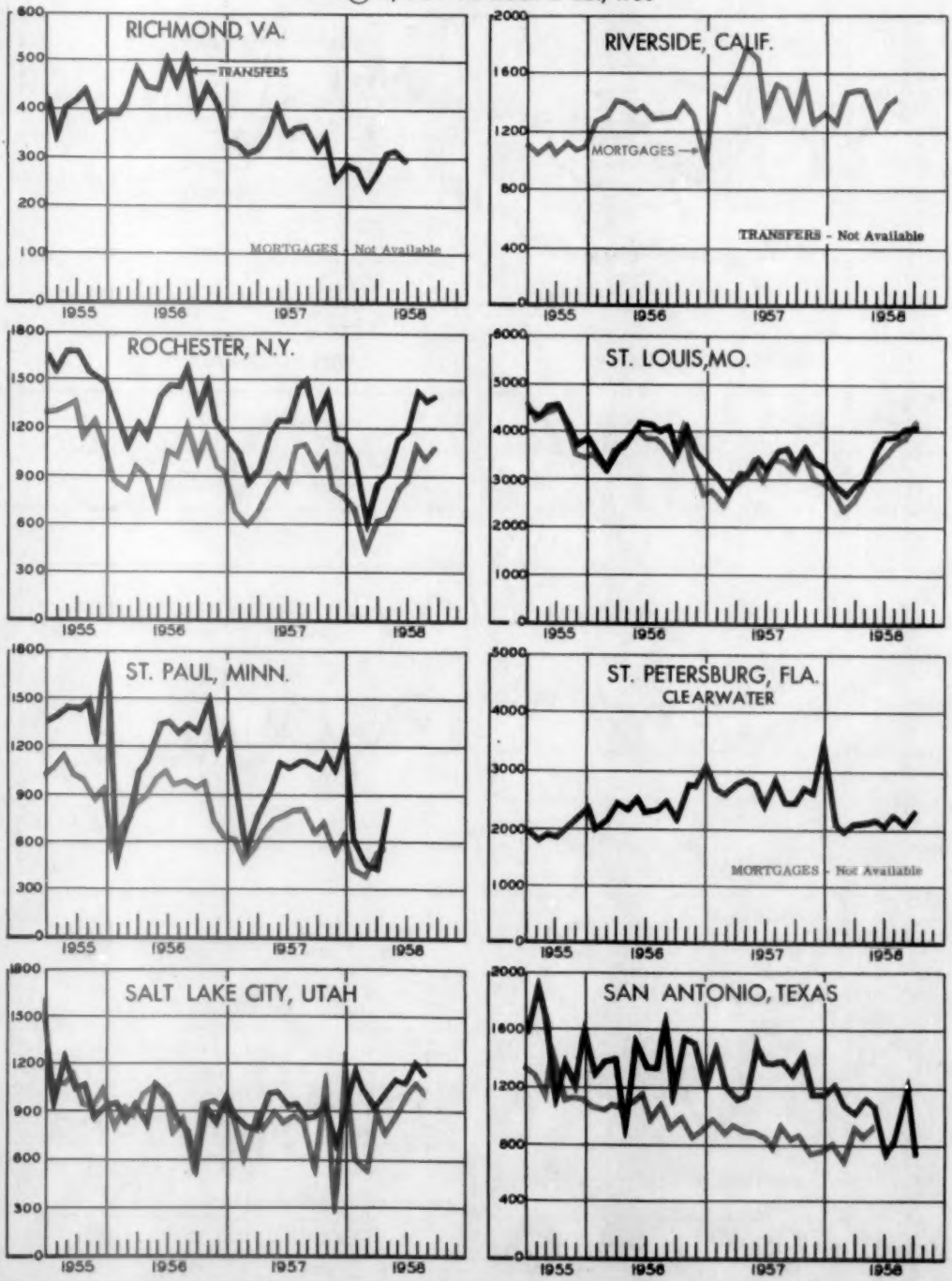

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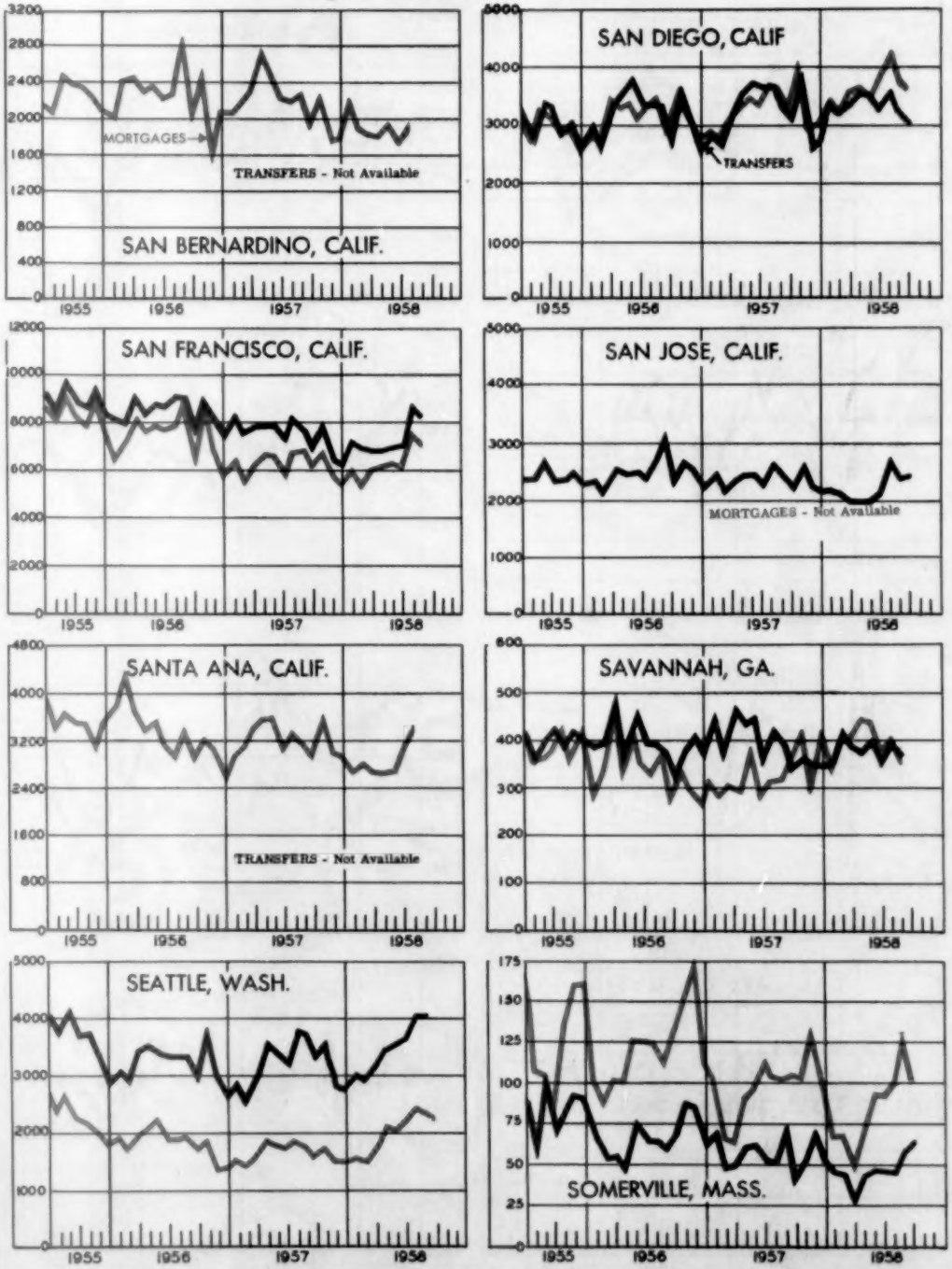

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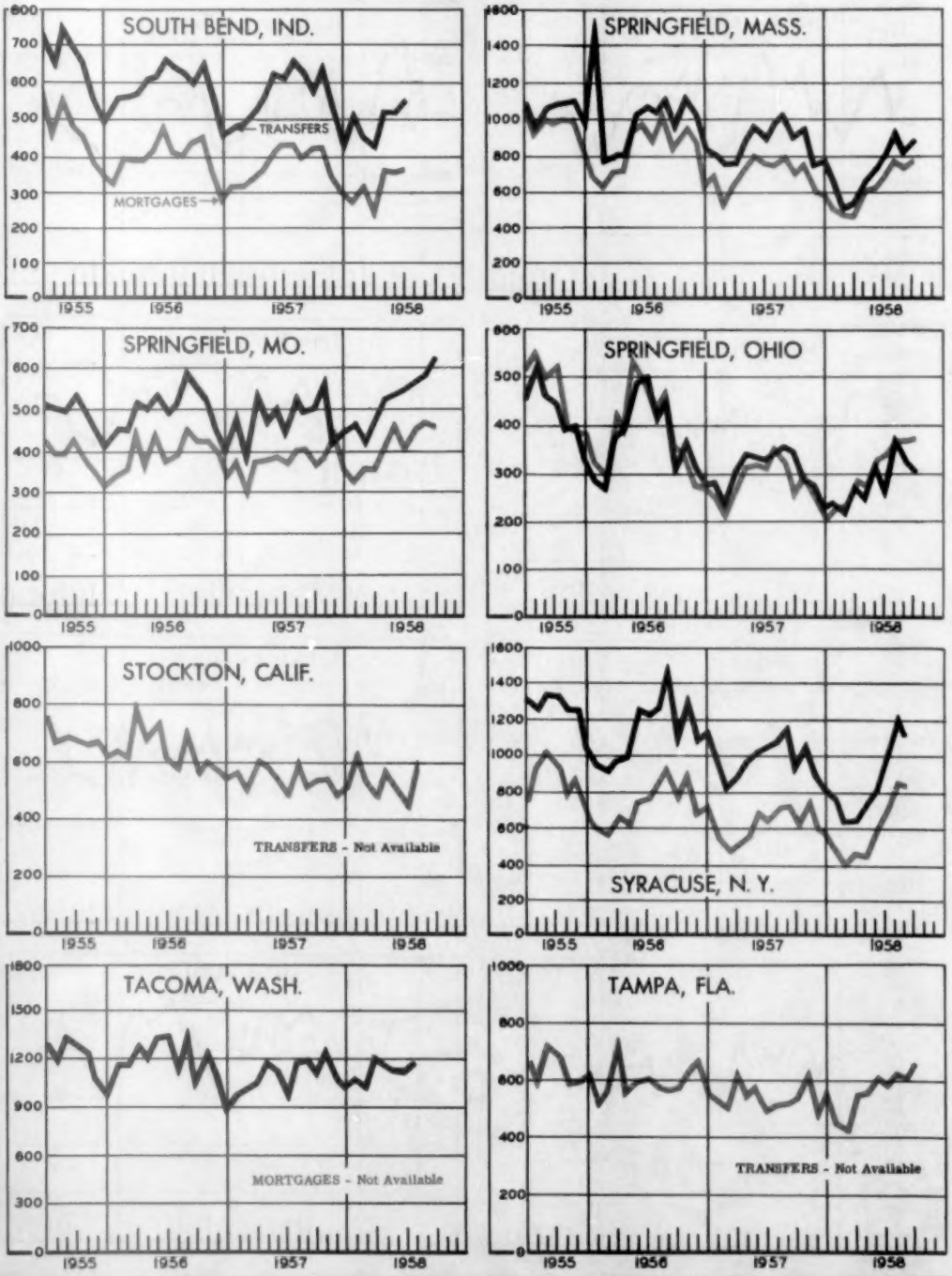

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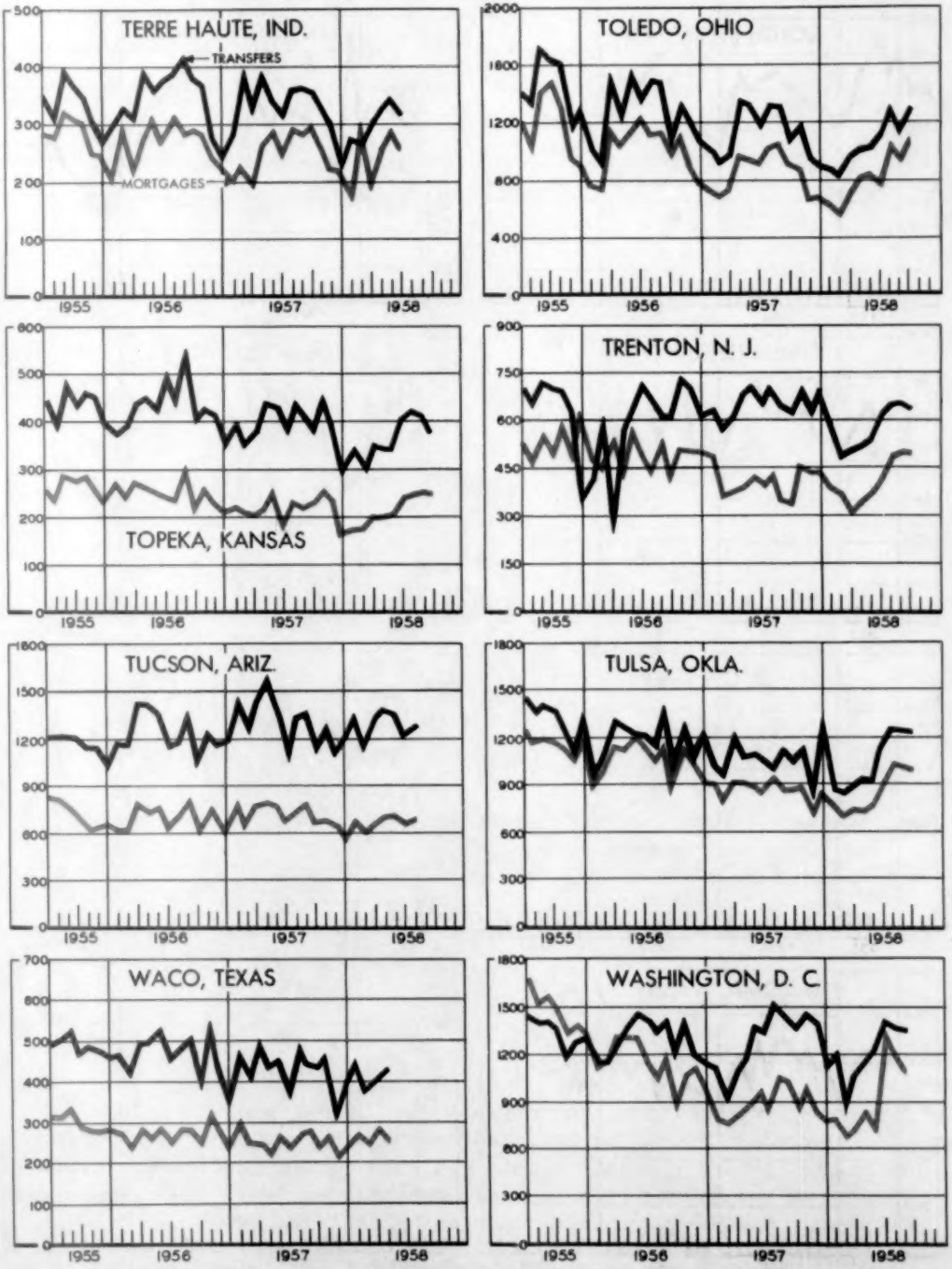

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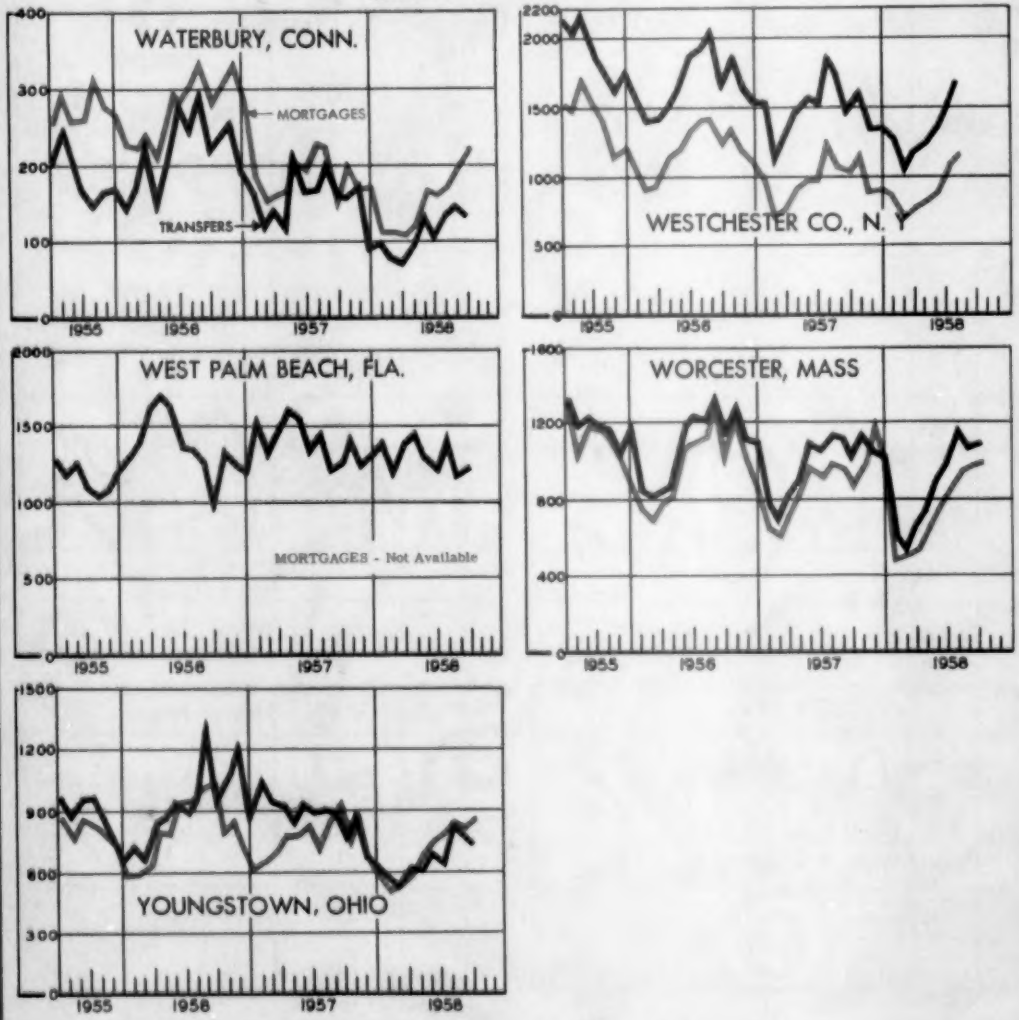

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To ease the pinch on mortgage money, the Federal Home Loan Bank Board approved a regulation permitting Federal savings and loan associations to lend as much as 90% of the appraised value of homes up to $18,000. The action is aimed to boost the home building industry in a period of shrinking mortgage funds. Whether it will have a sweeping effect is doubtful.